

110TH CONGRESS  
1ST SESSION

# H. R. 2810

To amend the Internal Revenue Code of 1986 to provide a credit against income tax for biomethane produced from biomass which is equivalent to the credit allowed for electricity produced from biomass.

---

## IN THE HOUSE OF REPRESENTATIVES

JUNE 21, 2007

Mr. JEFFERSON (for himself, Ms. NORTON, Mr. BUTTERFIELD, and Mr. MELANCON) introduced the following bill; which was referred to the Committee on Ways and Means

---

## A BILL

To amend the Internal Revenue Code of 1986 to provide a credit against income tax for biomethane produced from biomass which is equivalent to the credit allowed for electricity produced from biomass.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. CREDIT FOR BIOMETHANE PRODUCED FROM**  
4                       **BIOMASS WHICH IS EQUIVALENT TO CREDIT**  
5                       **FOR ELECTRICITY PRODUCED FROM BIO-**  
6                       **MASS.**

7       (a) IN GENERAL.—Subsection (e) of section 45 of the  
8       Internal Revenue Code of 1986 (relating to electricity pro-

1 duced from certain renewable resources, etc.) is amended  
 2 by redesignating paragraphs (9), (10), and (11) as para-  
 3 graphs (10), (11), and (12), respectively, and by inserting  
 4 after paragraph (8) the following new paragraph:

5           “(9) CREDIT FOR BIOMETHANE PRODUCED  
 6 FROM BIOMASS WHICH IS EQUIVALENT TO CREDIT  
 7 FOR ELECTRICITY PRODUCED FROM BIOMASS.—

8           “(A) DETERMINATION OF CREDIT  
 9 AMOUNT.—In the case of a producer of bio-  
 10 methane, the credit determined under this sec-  
 11 tion (without regard to this paragraph) for any  
 12 taxable year shall be increased by 1.5 cents for  
 13 each 3412 Btus of biomethane—

14           “(i) produced by the taxpayer—

15           “(I) from biomass, and

16           “(II) at a biomethane facility  
 17 during the 10-year period beginning  
 18 on the date the facility was originally  
 19 placed in service, and

20           “(ii) sold by the taxpayer to an unre-  
 21 lated person during the taxable year.

22           “(B) BIOMASS.—For purposes of this  
 23 paragraph, the term ‘biomass’ has the meaning  
 24 given to such term by section 45K(c)(3).

1           “(C) BIOMETHANE.—For purposes of this  
2 paragraph, the term ‘biomethane’ means gas  
3 produced from biomass if the properties of such  
4 gas meet the requirements to be transported in  
5 an interstate natural gas pipeline as a natural  
6 gas substitute. Such term includes liquefied gas  
7 which would be described in the preceding sen-  
8 tence but for being in liquid form.

9           “(D) APPLICATION OF RULES.—Rules  
10 similar to the rules of the subsection (b)(3) and  
11 paragraphs (1) through (5) of this subsection  
12 shall apply for purposes of determining the  
13 amount of any increase under this paragraph.

14           “(E) FACILITIES PRODUCING ELECTRICITY  
15 BEFORE JANUARY 1, 2008.—For purposes of  
16 subparagraph (A)(i)(II) and subsection (d)(11),  
17 in the case of a facility which was originally  
18 placed in service before January 1, 2008 (deter-  
19 mined without regard to this subparagraph),  
20 and which produced electricity from methane—

21           “(i) such facility shall be treated as  
22 originally placed in service on the first day  
23 on which such facility first produced bio-  
24 methane if no credit was allowed under

1           this section for electricity so produced and  
2           sold before such day, or

3           “(ii) if credit was allowed under this  
4           section for such electricity, only the portion  
5           of the 10-year period referred to in sub-  
6           section (a)(2)(A)(ii) which is after Decem-  
7           ber 31, 2007, may be taken into account  
8           under this paragraph.”.

9           (b) BIOMETHANE FACILITY.—Subsection (d) of sec-  
10          tion 45 of such Code is amended by adding at the end  
11          the following new paragraph:

12           “(11) BIOMETHANE FACILITY.—In the case of  
13          a facility producing biomethane, the term ‘bio-  
14          methane facility’ means any facility placed in service  
15          after December 31, 2007, and before January 1,  
16          2017.”.

17          (c) COORDINATION WITH CREDIT FOR PRODUCING  
18          FUEL FROM A NONCONVENTIONAL SOURCE.—Paragraph  
19          (10) of section 45(e) of such Code, as redesignated by sub-  
20          section (a), is amended by adding at the end the following  
21          new subparagraph:

22           “(C) BIOMETHANE FACILITIES.—The term  
23          ‘biomethane facility’ shall not include any facil-  
24          ity the production from which is allowed as a  
25          credit under section 45K for the taxable year or

1           any prior taxable year (or under section 29, as  
2           in effect on the day before the date of enact-  
3           ment of the Energy Tax Incentives Act of 2005,  
4           for any prior taxable year).”.

5           (d) CONFORMING AMENDMENT.—Paragraph (2) of  
6   section 45(b) of such Code is amended by striking “sub-  
7   section (a)” and inserting “subsections (a) and (e)(9)(A)”.

8           (e) EFFECTIVE DATE.—The amendments made by  
9   this section shall apply to biomethane produced and sold  
10  after December 31, 2007.

○